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INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

S E C R E T STATE 112061

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E.O. 12958: DECL: 10/21/2033
TAGS: [MTCRE](#) [ETTC](#) [KSCA](#) [MNUC](#) [PARM](#) [TSPA](#) [FR](#) [UK](#) [AS](#)
SUBJECT: MISSILE TECHNOLOGY CONTROL REGIME (MTCR): "SBIG'S
EFFORTS TO PROCURE ENVIRONMENTAL TEST CHAMBERS: A CASE
STUDY"

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS 1.4 (B), (D)
AND (H).

[¶1.](#) (U) This is an action request. Please see
paragraph 2.

[¶2.](#) (C) ACTION REQUEST: Department requests Embassy
Paris provide the interagency cleared paper "SBIG's
Efforts to Procure Environmental Test Chambers: A
Case Study" in paragraph 3 below to the French
Missile Technology Control Regime (MTCR) Point of
Contact (POC) for distribution to all Partners.
Department also requests Embassy London provide
paper to the MTCR Information Exchange (IE) Co-Chair
(John Andrews), and Embassy Canberra provide paper
to the Australian MTCR Plenary Chair for 2008/2009
and/or appropriate staff. Info addressees also may
provide to host government officials as appropriate.
In delivering paper, posts should indicate that the
U.S. is sharing this paper as part of our
preparation for the Information Exchange that will
be held in conjunction with the MTCR Plenary in
Canberra (November 3-7).

[¶3.](#) BEGIN TEXT OF PAPER:

SECRET//REL MTCR

U.S. Paper on SBIG's Efforts to Procure Environmental
Test Chambers: A Case Study

Introduction

Proliferators employ a variety of measures to
obtain items for their missile programs and other
activities. These activities include the use of
brokers, front companies, falsified documentation,
multiple intermediaries and transshipment points, and
covert payments. Some sophisticated proliferators make
use of several of these methods at the same time. In
one particular case, Iran's solid-fueled ballistic
missile program worked for over three years to procure
environmental test chambers from foreign sources. It
sought the chambers from two different manufacturers in
two source countries, utilized at least six different
front companies and intermediaries, listed false end-
uses and false countries of destination, and used
complicated routing in order to circumvent export
control regulations. Ultimately, these efforts were
unsuccessful.

Test chambers can be used in a missile program to
expose missile components, subsystems, and complete

systems to the extreme pressure, temperature, vibrations, and acoustics that missiles experience during flight. Depending on the specifications, they can be controlled by the MTCR. However, even non-controlled models are highly sought after by some ballistic missile programs, as this paper will make clear.

This is an abridged account of the efforts of an Iranian intermediary - working on behalf of Iran's solid-fueled ballistic missile program - to acquire uncontrolled test chambers from several foreign sources over the past three and a half years. This paper also describes cooperative measures over the same time period between the U.S. and other countries to prevent this transaction. As the paper makes clear, proliferation networks do not simply give up on acquiring highly sought-after items when obstacles are thrown up in front of them. Rather, they react to these road blocks by seeking alternative routes to procuring the items they need. This might involve looking to other sources for the same or comparable items, or employing some of the nefarious procurement methods listed at the beginning of this paper. In this particular case, the Iranian solid-fueled ballistic missile program did both.

February - July 2005 - Iran seeks test chambers from non-Partner country, but transaction does "not happen"

In early 2005, the U.S. learned that a firm in a non-Partner country (Country A) was negotiating the sale of test chambers to Iran's ballistic missile program. The U.S. approached officials in Country A, and asked them to investigate and take measures to prevent this company from providing missile-relevant items to Iran. We also indicated that sanctions pursuant to U.S. law could be imposed on the company if it were to supply these test chambers to Iran's missile program. In July 2005, we advised Country A officials of additional information indicating that Iran sometimes used its automobile industry as a cover for its missile program to disguise the actual end-use of missile-applicable equipment. Country A officials later told us that the government of another country (Country B) had also contacted them with information about the company's possible sale of test chambers to Iran's missile program, and that the transaction did not happen.

November 2005 - Iranian procurement firm seeks similar test chambers from MTCR Partner; SBIG front company listed as end-user

In November 2005, the U.S. acquired information indicating that the Iranian procurement firm Rakin Ltd. was negotiating the purchase of similar test chambers from a broker (Broker X) in an MTCR country (Country C) on behalf of a front company (Front Company 1) for the Shahid Bakeri Industrial Group (SBIG), Iran's primary developer of solid-fueled ballistic missiles. We also noted that Rakin had expressed interest in test chambers manufactured by two different producers in Country C, that Iran had previously sought similar chambers from Country A, and that this activity appeared to be a broad effort by Rakin and Front Company 1 to acquire these environmental chambers for use in Iran's missile program. Country C officials later advised us that in response to the information we shared with them, they had contacted representatives of Broker X, and sensitized them to their concerns about dealings with Rakin. Broker X pledged to apply for a license before exporting these commodities to Iran. (Country C officials later advised us that one of the manufacturers approached by Rakin was already under investigation for previous suspected violations of

export control laws in a case involving efforts to ship vibration test equipment to Iran's Shahab missile program. This case later resulted in convictions of two of the firm's representatives.)

March - June 2006 - Same chambers sought on behalf of second SBIG front company; Partner country denies broker export license

In March 2006, we approached Country C officials with new information indicating that Rakin was now working with Broker X to obtain the same type of test chambers on behalf of a supposedly different Iranian end-user. As in the case involving Front Company 1, we advised Country C officials that this end-user (Front Company 2), was also using a false name, and was actually a cover name for SBIG. In May, we told Country C that it appeared that Broker X had agreed to a site visit to its facilities by Iranian technical experts prior to delivery of the test chambers and to install the equipment in Iran if the sale went through. Broker X would be applying for an export license. Country C officials advised that they would share the information with their inter-agency export control group, but that the group would not grant a license to Broker X to export this equipment to Iran. In June, Country C reported that, based on information supplied by the U.S. government, it had officially denied a license application by Broker X to export the test chambers to Front Company 2. Country C officials also indicated that Rakin had listed the end-use as "product improvement and standardization," and stated that the test chambers would only be put to civilian use.

June 2007 - Rakin attempts to acquire test chambers for SBIG by means of third front company, plans to route shipment via third country

In June 2007, we shared with Country C officials additional information involving new efforts by Rakin and Broker X to procure test chambers for SBIG. In this instance, Rakin referred to the end-user by using yet another cover name (Front Company 3) for SBIG. However, in order to facilitate the transfer and avoid Country C export restrictions on sales to Iran, Broker X suggested to Rakin that the shipment be routed to a firm in a third country (Country D), which would be falsely listed as the country of end-use. The test chambers would then be forwarded to their final destination in Iran. As we indicated to Country C officials, the country D firm was aware that its role in this transaction was to evade Country C export control regulations. Country C officials noted that if Broker X were trying to circumvent Country C export controls by shipping the test chamber to a firm in a country for which no license were required while knowing that the equipment would be shipped on to Iran, they would be in violation of Country C laws. Because of the potential criminal nature of this transaction, Country C officials advised that they would pass this information to investigators. We also notified Country D officials of this potential shipment.

November - December 2007 - Country C officials sensitize manufacturer of test chambers; Rakin representative plans trip to visit Broker X and manufacturer of test chambers

Country C officials notified the U.S. government in December 2007 that they had contacted representatives of the manufacturer of the test chambers to sensitize them to Country C government's concerns. The manufacturer confirmed that it had received a request for a thermal shock chamber, and assured Country C officials that it would not follow up

on the request. Shortly thereafter, we shared with Country C government information indicating that a representative of Rakin was planning a trip to Country C in order to meet with representatives of Broker X and the manufacturer of the test chambers. We do not know if this trip occurred.

February 2008 - Broker X and Rakin consider routing thermal shock chamber through yet another third country and listing central Asian country as end-use site

While we have not confirmed that Rakin and/or Broker X canceled their plans to route the test chambers to Iran via a firm in country D, in February we provided information to Country C officials indicating that Rakin and Broker X had devised yet another scheme to circumvent Country C export controls and supply the test chambers to SBIG. In this ploy, the equipment would be sent from Country C to a firm in country E, but the export documentation would falsely list a final end-user in country F (a country in central Asia). In reality, the items would be sent from country E directly to Iran.

As of September 2008, we do not believe that the transfer has occurred. However, SBIG will almost certainly continue to seek these or similar test chambers by other means. Moreover, although we have learned something about the workings of proliferation networks as a result of this case, it is also true that with each thwarted attempt to acquire the test chambers, SBIG learned something about the efforts of those of us working to stop them, and future efforts by SBIG will be informed by the lessons learned in this case.

14. (U) Please slug any reporting on this or other MTCR issues for ISN/MTR. A word version of this document will be posted at www.state.sgov.gov/demarche.
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